

S. 2845
Intelligence Reform and Terrorism Prevention Act of 2004

BASIS OF ESTIMATE

Section 2005 provides the FBI with the ability to allow agents to remain at the agency beyond the age of 60. Under prior law, FBI agents were required to retire at age 57, although the agency's director could waive that requirement until the agent turned 60. Information provided by the FBI indicates that the agency typically issues waivers to between 25 and 75 employees annually. This section allows the Director to waive the mandatory retirement requirement until age 65. This change will last through the end of 2007, at which time the waiver authority will revert to prior law. By expanding the current waiver authority, the act will cause some FBI employees to retire later than they otherwise would have. As a result, outlays for retirement annuities will fall in the near term. However, after 2007, small annual increases in the cost of annuities will occur because agents retiring later will have more years of service at higher salaries.

Federal employees who begin collecting annuity payments immediately after retirement are also entitled to continued health care benefits, which are paid in part by direct spending. Therefore, reducing retirements in the short term will also result in a reduction in direct spending on health care.

CBO estimates this section will reduce direct spending for retirement annuities and health care benefits by less than \$500,000 in 2005 and 2006, and by \$1 million in 2007. Over the 2005-2014 period as a whole, the estimated savings total \$1 million.

PREVIOUS CBO ESTIMATES

On October 4 and 5, CBO transmitted estimates for H.R. 10 as reported by the following committees: the House Committee on Armed Services, the House Permanent Select Committee on Intelligence, the House Committee on the Judiciary, the House Committee on Government Reform, and the House Committee on Financial Services. These all contained estimates of a provision similar to the one in Public Law 108-458 that would allow the Director of the FBI to waive mandatory retirement for certain employees until age 65. However, the expanded waiver authority contained in H.R. 10 was authorized through the end of 2009 rather than 2007. CBO estimated this version of the waiver authority would decrease direct spending on retirement annuities and health benefits by less than \$500,000 in 2005 and \$2 million over the 2005-2014 period.

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